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MAKING SUPERVISED CREDIT MEAN WHAT IT IMPLIES

PROBLEM: How to recruit, train motivate and direct more than 3500 county FSA supervisors so that they will know enough about influencing people and enough about good methods of farming and home making to enable them to convert unsuccessful farm and home operators into successful farm and home operators.

BACKGROUND: FSA and its predecessors have been in operation since March 1934. They have been supported and maintained for the purpose of helping worthy disadvantaged farm people to lift themselves by their own boot straps. In other words, through loans to provide the means and supervision to point the way low income farm families are liberated from the well known handicaps of poverty. Appropriations have been obtained and the program has been continued on the assumption that these purposes are being carried out.

Some effective supervision has been accomplished. However, the lending aspects of the program have constantly tended to overshadow the more important supervisory aspects. As a result "too much bad and indifferent farming is being done by FSA borrowers and too little is being done to correct the situation by staff members who are employed primarily for that purpose. Too many fields that need cover crops have no cover crops. Too many that should be farmed on the contour are not so farmed. Too many pastures that could be made to produce two-fold or three-fold are left unimproved. Too much of the livestock on FSA farms is of poor quality and poorly cared for."

While there has been some attempt to correct the situation there has never been a firm and determined all out administrative effort to do so. In the absence of firm support from the high command indifference toward the situation has become chronic in the field. Many district supervisors pay little attention to the fact that county supervisors under their direction make more or less a farce of supervision. State directors are not holding district supervisors to accountability on this score. Regional directors are not holding state directors to accountability. As a matter of fact the national office has not held regional directors to accountability for laxity in supervision. The attention of the field needs to be forceably directed to the problem and there needs to be vigorous and constant emphasis upon the necessity of vitalizing supervision and making supervised credit mean what it implies.

HOW TO GET THE JOB DONE: Implementing the suggested policy involves three essential steps as follows:

1. Promulgation of the policy in strong and vigorous terms by the Administrator and full support of the policy by all responsible administrative heads.
2. New and special emphasis must be placed upon the importance of arriving at a definite understanding with each applicant for an FSA loan as to the nature of the relationship that must prevail between supervisors and borrowers who become beneficiaries of FSA services. Borrowers must understand that they are teaming up with FSA in developing a system of farming and methods of farming that are expected to result in larger returns and greater financial success. Unless it is apparent that the circumstances of the borrower can be improved by supervision and unless the borrower desires and welcomes the assistance that FSA renders, the loan should not be made. This is a cardinal point. Many difficulties stem from a failure to develop the right understanding and the right attitude at the start.

The borrower must know that supervision involves planning and budgeting his farm and home operations, complying reasonably with those plans and budgets and keeping records of receipts and expenditures.

3. The final and most important step in vitalizing supervision is to place new emphasis upon reorganizing farms for profit. The farm and home plan form is not a suitable device for doing the job under discussion. It has its indispensable place but what we need is a form which compares a typical year before reorganization with a typical year after reorganization and tells how long it will take to complete the transaction from the old to the new. Supervisors should be judged by their ability to reorganize farms for increased profit. The reorganized plan should be subjected the test of actual performance. In other words, a county supervisor does not become "very good" or "excellent" until he can make reorganized plans that materialize in actual increased farm income and farm profits.

It is little short of tragic that an organization which has functioned on so vast a scale as Farm Security can present so few farm reorganization plans with accompanying evidences of their success. We would do well to consider ourselves a factory that has skilled employees who deal primarily in turning out farm and home reorganization plans which will increase the earnings and improve the circumstances of low income farm families.

SUMMARY: The needed remedies for this serious problem are and must of necessity be essentially simple:

1. Declare the policy.
2. Enforce the policy.
3. Accept only borrowers who need our type of service, who understand what the service is and who want the service.
4. Become specialists in reorganizing farm and home operations for greater profit.
5. Adopt "before and after plans" as our chief stock in trade.